

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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1	UNITED STATES OF AMERICA,	:	14-CR-00609(RJD)
2		:	
3	-against-	:	
4		:	
5	JOSE HAWILLA, Traffic SPORTS	:	United States Courthouse
6	USA, INC., and Traffic	:	Brooklyn, New York
7	SPORTS INTERNATIONAL, INC.,	:	
8		:	
9	Defendants.	:	Thursday, May 14, 2015
10		:	10:00 a.m.

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TRANSCRIPT OF CRIMINAL CAUSE FOR MOTION HEARING
BEFORE THE HONORABLE RAYMOND J. DEARIE
UNITED STATES DISTRICT JUDGE

A P P E A R A N C E S:

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30	BY:	STEPHEN E. KAUFMAN, ESQ.
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Official Court Reporter
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produced by Computer-aided Transcription.

1 (The following is sealed by order of the Court:

2 Present were: Evan Norris, Esq.; Sam P. Nitze, Esq.; Keith
3 Edelman, Esq.; Lewis J. Liman, Esq.; Kate Currie, Esq.;
4 Stephen E. Kaufman, Esq.; Andrew H. Kaufman, Esq.; Adelia
5 Ramos de Almeida, Portuguese Interpreter; José Hawilla,
6 corporate representative; Special Agent John Penza of the FBI;
7 and Special Agent J.J. Kacic of the IRS CID.)

8 THE COURTROOM DEPUTY: Judge Dearie, the courtroom
9 is now locked.

10 THE COURT: All right. We are now in a sealed
11 proceeding with the personnel I just identified.

12 I understand there's going to be an application for
13 pleas with respect to two corporate clients.

14 MR. LIMAN: Your Honor, I think we need our client.

15 THE COURT: I was just about to say, are we going to
16 do this through counsel or are we going to have a
17 representative?

18 MR. NORRIS: A representative, Your Honor.

19 (Pause.)

20 (Portuguese interpreter, Adelia Ramos de Almeida,
21 entered.)

22 THE COURTROOM DEPUTY: Judge Dearie, we have our
23 Portuguese interpreter.

24 I'm going to ask the Portuguese interpreter just to
25 put your name on the record.

1 THE INTERPRETER: Adelia Ramos de Almeida, federally
2 qualified Portuguese interpreter.

3 THE COURTROOM DEPUTY: I'm going to ask you to raise
4 your right hand.

5 (Interpreter sworn.)

6 THE COURT: While we wait, can we have the name of
7 the client representative?

8 MR. LIMAN: His name is José Hawilla.

9 THE COURT: That's right.

10 THE COURTROOM DEPUTY: Can you just spell it,
11 please, for the record?

12 MR. LIMAN: Yes. The last name is H-a-w-i-l-l-a.
13 First name, José, J-o-s-é.

14 (Pause.)

15 (Corporate representative, José Hawilla, entered.)

16 THE COURTROOM DEPUTY: We are on this morning for a
17 pleading. This is USA versus Traffic Sports USA, Incorporated
18 and Traffic Sports International, Incorporated, Docket Number
19 14-CRIM-609.

20 Can I ask the attorneys please to note their
21 appearance?

22 MR. NORRIS: For the government, Evan Norris, Samuel
23 Nitze and Keith Edelman. Good morning again, Your Honor.

24 THE COURT: Good morning.

25 MR. LIMAN: For Traffic Sports USA and Traffic

1 Sports International, Lewis Liman and Kate Currie from Cleary
2 Gottlieb. Good morning, Your Honor.

3 THE COURT: Good morning.

4 MR. S. KAUFMAN: If Your Honor, please, for Traffic
5 Sports International and Traffic Sports USA, Andrew Kaufman
6 and Stephen Kaufman.

7 THE COURT: Good morning.

8 MR. A. KAUFMAN: Good morning.

9 THE COURT: And you, sir, are Mr. Hawilla?

10 MR. HAWILLA: Yes.

11 THE COURT: Did I pronounce your name correctly?

12 MR. HAWILLA: (No response.)

13 THE COURT: How do you pronounce it?

14 MR. HAWILLA: How-WEEL-a.

15 THE COURT: How-WEEL-a.

16 MR. HAWILLA: How-WEEL-a, but they call me A-veel-a.

17 THE COURT: Okay. I think let's stick with Hawilla
18 or sir, if that's okay with you?

19 MR. HAWILLA: Or A-veel-a, yes.

20 THE COURT: Counsel, you have an application?

21 MR. LIMAN: Yes, Your Honor.

22 On behalf of Traffic Sports International and
23 Traffic Sports USA, our application is, at this point, to
24 enter a plea of guilty with respect to Count Two of the
25 information.

1 THE COURT: All right. And, Mr. Hawilla, could you
2 explain your affiliation with Traffic Sports USA, Inc. and
3 Traffic Sports International, Inc.?

4 MR. HAWILLA: I'm the legal representative of both
5 of these companies.

6 THE COURT: And are you authorized at this point to
7 act on their behalf?

8 MR. HAWILLA: Yes.

9 THE COURT: Are you specifically authorized to enter
10 pleas of guilty on behalf of each company?

11 MR. HAWILLA: Yes.

12 THE COURT: And is that authorization manifested in
13 any document or court action?

14 MR. LIMAN: Yes, Your Honor. The boards of both of
15 the corporations by resolution have authorized Mr. Hawilla to
16 act as corporate representative for those entities and to
17 enter the guilty pleas today.

18 THE COURT: Specifically, have you seen the
19 resolutions?

20 MR. NORRIS: I have, Your Honor. And, Your Honor,
21 I'd also note it is attached that we provided to your
22 courtroom deputy the signed plea agreements, which attach as
23 two exhibits; one Exhibit A is Mr. Hawilla's individual
24 Cooperation Agreement, and the second exhibit is the
25 corporation resolution in question. So at the back of both

1 packages that Ms. Mulqueen is providing you are the corporate
2 resolutions.

3 THE COURT: Okay.

4 THE COURTROOM DEPUTY: And I marked as Court
5 Exhibit 2, the plea agreement to Traffic Sports USA,
6 Incorporated; and Court Exhibit 3 the plea agreement to
7 Traffic Sports International, Incorporated.

8 (Court's Exhibit 2 was received in evidence.)

9 (Court's Exhibit 3 was received in evidence.)

10 THE COURT: So is this now both the corporate and
11 individual pleas?

12 MR. NORRIS: No, Your Honor, this is just we're
13 entering two corporate pleas today.

14 THE COURT: I see.

15 MR. NORRIS: Mr. Hawilla pled guilty individually
16 back on December 12th.

17 THE COURT: So I'm not losing it, because I
18 recognize the gentleman.

19 MR. NORRIS: Yes.

20 THE COURT: And that explains it.

21 MR. NORRIS: He undertook in his individual
22 agreement to cause the corporations at a later date to plead
23 guilty, so that's why we've attached it as an exhibit to the
24 corporate plea agreement.

25 THE COURT: Swear the defendant, please.

1 THE COURTROOM DEPUTY: Sir, I know you can't raise
2 your right hand.

3 (Corporate representative, José Hawilla, sworn.)

4 MR. HAWILLA: Yes.

5 THE COURTROOM DEPUTY: Thank you.

6 THE COURT: All right, sir, we have been through
7 this exercise once before some months ago with respect to your
8 own case. For the most part, we're going to repeat that
9 because I'm required to with respect to these corporate pleas.
10 First of all, how are you feeling?

11 MR. HAWILLA: Well.

12 THE COURT: Okay, you're able to concentrate on what
13 I'm saying?

14 MR. HAWILLA: Yes.

15 THE COURT: Are you in any discomfort at all?

16 MR. HAWILLA: No.

17 THE COURT: Counsel, in your discussions with your
18 client have you had any difficulty communicating with him?

19 MR. S. KAUFMAN: No, Your Honor.

20 THE COURT: And you're confident he understands the
21 rights he's waiving on behalf of the corporations?

22 MR. S. KAUFMAN: We are, Your Honor.

23 THE COURT: All right, if I might ask you one last
24 time to state your full name for the record, sir.

25 MR. HAWILLA: José Hawilla.

1 THE COURT: And how old, are you, sir?

2 MR. HAWILLA: Seventy-one years old.

3 THE COURT: I'm not entirely sure I have to go
4 through this, having done it months before. For the record, I
5 don't know. We're here with the interpreter who has been
6 sworn. This is a sealed proceeding, as a result of an
7 application made earlier today and calendared as such and
8 granted by the Court, evidenced by a sealed order which has
9 now been signed.

10 MR. NORRIS: And on that, Your Honor, if I could
11 just add, if Your Honor could just confirm with the defendant
12 that he waived his appearance at the prior public proceeding
13 to close the courtroom?

14 THE COURT: Mr. Hawilla, you were not present at the
15 public proceeding for, I think, pretty much obvious reasons.
16 You had a right to be present and, according to the Assistant
17 U.S. Attorney, you are prepared to acknowledge that you waived
18 that right to be present during the public proceeding that
19 preceded this proceeding now, is that correct?

20 MR. HAWILLA: Yes.

21 THE COURT: I'm also reminded by Ms. Mulqueen, who
22 remembers things better than I do , I guess, that the
23 interpreter, certified Portuguese interpreter has worked in
24 that capacity for both the government and for some defendant
25 or defendants. Mr. Kaufman is smiling, so I guess he can

1 document that or confirm it.

2 Everybody is aware of that, everybody is comfortable
3 with continuing with this interpreter, please acknowledge on
4 the record.

5 MR. NORRIS: That's correct, Your Honor.

6 MR. S. KAUFMAN: Correct, Your Honor.

7 THE COURT: Thanks, Ellie.

8 Mr. Hawilla, I understand you're here to enter on
9 behalf of these two corporations pleas of guilty to Count Two
10 of the information. So the first order of business is, and I
11 think we did this the last time, but I have to do it again, is
12 to go through the advisory with respect to an information,
13 because you, as well as the corporations, have the right to
14 have a grand jury decide whether or not felony charges may be
15 returned against you. The U.S. Attorney, absent your waiver
16 of that right, has no authority or power to charge you or
17 anyone with a felony violation of law. A felony is any
18 offense that carries with it a sentence, a potential sentence
19 in excess of one year. And in each instance Count Two of this
20 indictment is such an offense.

21 Do you understand that?

22 MR. HAWILLA: Yes.

23 THE COURT: So that you would have the right, I
24 should say the corporations have the right to have this matter
25 decided initially by the grand jury. That body might or might

1 not indict the corporations for this or any other offense; and
2 if they chose not to indict, the U.S. Attorney would be
3 powerless on his own to proceed against you.

4 Grand jury is a group of people, twenty-three in
5 number, drawn from our community like any other jury. There
6 must be sixteen grand jurors present to constitute a quorum to
7 hear evidence. A grand jury is not an adversarial proceeding,
8 it's conducted by the prosecutor, in secret, with the grand
9 jurors, only the grand jurors present and, from time to time,
10 an appropriate witness. You would have a right to present
11 testimony before that body, should you choose to do so.
12 Counsel would not at any time be present with you, however,
13 during the proceedings; although, you would have the right to
14 excuse yourself from time to time to confer with counsel
15 during any such proceeding.

16 If you waive this right, I should say, and you
17 proceed, it will proceed just as if the grand jury had
18 indicted you or the corporations for these offenses. Do you
19 understand that?

20 MR. HAWILLA: I understand.

21 THE COURT: Knowing that, are you willing to waive
22 the grand jury presentation?

23 MR. HAWILLA: Yes.

24 THE COURT: The defendant having been fully informed
25 of the corporations' rights to proceed before the grand jury

1 in each instance has, in open court and in the presence of
2 counsel, knowingly, in my view, and voluntarily waived that
3 right. Accordingly, the waivers of indictment are accepted.
4 I will so indicate my acceptance by adding my signature to the
5 waiver forms. The waiver forms were signed by the defendant,
6 counsel for the defendant. Is that right, Mr. Liman?

7 MR. LIMAN: Yes, that's correct, Your Honor.

8 THE COURT: Do you need more signatures than one?
9 If you do, you'll let me know.

10 All right, now, Mr. Hawilla, we proceed just as if
11 the grand jury had charged you. It's my understanding based
12 upon counsel's application that you intend to offer on behalf
13 of each corporation a plea of guilty to Count Two. With the
14 permission of counsel, I will dispense with the reading of the
15 introductory portions of this indictment, which involve some
16 fifty-three pages of material.

17 Any objection to that, Mr. Liman?

18 MR. LIMAN: No objection, whatsoever, Your Honor.

19 THE COURT: Mr. Kaufman?

20 MR. S. KAUFMAN: None, Your Honor.

21 THE COURT: And limit myself to reading a paragraph,
22 the charging paragraph or paragraphs on page 54 of the
23 information bearing Docket Number 14-CR-609.

24 Paragraph 124 reads: The allegations contained in
25 paragraphs 1 through 120 are realleged and incorporated as if

1 fully set forth in this paragraph.

2 Paragraph 125 then proceeds as follows: In or about
3 and between April 2010 and February 2014, both dates being
4 approximate and inclusive, within the Southern District of
5 New York the defendants, José Hawilla, Traffic Sports USA,
6 Inc. and Traffic Sports International, Inc., together with
7 others, did knowingly and intentionally conspire to devise a
8 scheme, an artifice to defraud FIFA, previously defined in the
9 document. And I don't know what to call CON --

10 MR. NORRIS: CONCACAF, Your Honor.

11 THE COURT: CONCACAF?

12 MR. NORRIS: Yes, FIFA and CONCACAF.

13 THE COURT: FIFA, I beg your pardon.

14 -- FIFA and CONCACAF, including to deprive FIFA and
15 CONCACAF of their respective rights to honest and faithful
16 services through bribes and kickbacks and to obtain money and
17 property by means of materially false and fraudulent
18 pretenses, representations and promises; and for the purpose
19 of executing such scheme and artifice to transmit and cause to
20 be transmitted by means of wire communication in interstate
21 and foreign commerce writings, signs, signals, pictures and
22 sounds, to wit, wire transfers, contrary to Title 18 United
23 States Code Section 1343.

24 Forgive me for being so fundamental here, but FIFA
25 is it?

1 MR. NORRIS: FIFA.

2 THE COURT: You say FIFA, I say FIFA, okay.

3 Mr. Hawilla, do you know who I refer to when I refer
4 to FIFA?

5 MR. HAWILLA: (No response.)

6 THE COURT: You know what FIFA is, of course?

7 MR. HAWILLA: I do.

8 THE COURT: And CONCACAF as well, you understand who
9 that is or what that is?

10 MR. HAWILLA: I understand.

11 THE COURT: Do you understand what's being charged
12 in Count Two of the indictment?

13 MR. HAWILLA: Yes.

14 THE COURT: You understand the nature of the charge?

15 MR. HAWILLA: Yes.

16 THE COURT: You're charged with conspiring, the
17 corporations and others, to defraud, both FIFA and CONCACAF.
18 Is that your understanding?

19 MR. LIMAN: Your Honor, to be precise, it's the
20 corporations are charged.

21 THE COURT: Well, as I read it all three of them are
22 charged.

23 MR. LIMAN: Correct.

24 THE COURT: Through the use of wire transfers --

25 THE INTERPRETER: I'm talking.

1 THE COURT: I'm sorry, did I interrupt?

2 MR. HAWILLA: No.

3 THE COURT: You've discussed this charge with
4 counsel?

5 MR. HAWILLA: Yes.

6 THE COURT: What's your understanding of the nature
7 of the conspiracy? What is a conspiracy?

8 MR. HAWILLA: The American law, I don't understand
9 exactly what this is.

10 THE COURT: Well, we want you to understand the
11 crime before the corporations plead guilty to it.

12 A conspiracy is an illegal agreement. If you and I
13 agree to do something that's against the law, like making
14 illegal payments to people and organizations, by way of
15 example only, the agreement, itself, okay, just the fact that
16 we've agreed is a crime, in and of itself, regardless of
17 whether we ever execute that agreement. That's the nature of
18 the charge in Count Two, the illegal agreement.

19 Does that make any sense to you, sir?

20 MR. HAWILLA: Yes.

21 THE COURT: All right, now, I have plea agreements
22 for both corporations. Whose got the originals?

23 THE COURTROOM DEPUTY: We have the originals right
24 up here. I'm going to place the original in front of the
25 defendant.

1 THE COURT: Have they been executed?

2 THE COURTROOM DEPUTY: Yes. Court Exhibit 3 and
3 Court Exhibit 2, yes, the agreements have been executed.

4 THE COURT: All right. Each of these documents,
5 Mr. Hawilla, represents an agreement made between the
6 respective corporations and the United States Attorney's
7 office. It also reflects certain information, certain
8 important information that you should be aware of. We
9 document the fact that you are aware of it before entering
10 pleas on behalf of the corporations.

11 Have you read each of these documents?

12 Are they essentially identical?

13 MR. NORRIS: They are, indeed, Your Honor, identical
14 except for the name of the corporation.

15 THE COURT: Have you read these documents,
16 Mr. Hawilla?

17 MR. HAWILLA: Yes.

18 THE COURT: Have you discussed them with counsel?

19 MR. HAWILLA: Yes.

20 THE COURT: You understand these are important
21 documents with respect to the resolution of the charges
22 against these two corporations, is that fair to say?

23 MR. HAWILLA: Yes.

24 THE COURT: Okay.

25 Paragraph one of the agreements sets out the

1 statutory penalties available to the Court as a result of the
2 corporation's plea of guilty to the criminal charge. And you
3 see them laid out in paragraph one, a maximum fine of \$500,000
4 or twice the gain or loss; mandatory restitution in an amount
5 that is not -- I guess in an amount to be determined by the
6 Court?

7 MR. NORRIS: Correct, Your Honor.

8 THE COURT: The Court will impose what's called
9 special assessments of \$400.

10 MR. NORRIS: For a corporation, yes, Your Honor.

11 THE COURT: And you face a forfeiture and, indeed,
12 you've agreed that -- well, excuse me, let me read
13 specifically the language:

14 The office, being the U.S. Attorney's office, and
15 the defendant, meaning the corporation, agree that no
16 forfeiture is owed by the defendant in light of the
17 \$151,713,807.43, plus certain additional amounts, that the
18 defendants' indirect majority shareholder, you, José Hawilla,
19 has agreed to forfeit as part of his December 12th, 2014
20 cooperation agreement with the government. That, I'm sure, is
21 of interest to you.

22 You understand it?

23 MR. HAWILLA: Yes.

24 THE COURT: Now, you have agreed, you meaning you
25 and your counsel with the United States Attorney, to certain

1 provisions pursuant to Rule 11 of the Federal Rules of
2 Criminal Procedure as is laid out beginning on page 2. These
3 are subject to approval of the Court, all right. So I may or
4 may not agree with them.

5 Stop me if I'm misstating this, I don't take a lot
6 of courtroom pleas. I don't see any need to literally read it
7 into the record, but it's set out in paragraph two of the
8 agreements of the corporations. You've agreed to certain fine
9 amounts. You've agreed to a one-year term of probation with
10 certain qualifications, all conditioned that you will commit
11 no further crime; that you'll notify the appropriate
12 authorities, as indicated in the agreement, of any further
13 criminal prosecution; that you'll provide access to the IRS
14 and FBI of your operating locations. You'll answer truthfully
15 all inquiries by the enforcement agencies, in subparagraph
16 Roman V; and you'll give notice, ten days' prior notice to the
17 FBI and IRS of any intended change in principal business
18 location.

19 Now, as I said before, this rule gives the
20 authorities the power, if you will, to agree on terms of a
21 sentence, which is somewhat unusual. And it is always subject
22 to my acceptance. If at the end of the day, after I've become
23 more familiar with the case and have read the pre-sentence
24 reports, I think that the resolution that you've agreed to is
25 appropriate, I will accept it and impose that as the sentence.

1 If I disagree, I will present the level of disagreement with
2 the parties, at which point the corporations will have the
3 options of either revising their agreement with the government
4 to the Court's satisfaction or withdrawing the plea of guilty.

5 Understand? Calling the deal off, if I don't go
6 along with it, in plain English. Do you understand what I'm
7 talking about?

8 MR. HAWILLA: Yes.

9 THE COURT: Do you have any questions?

10 MR. HAWILLA: No.

11 THE COURT: You've been well counseled about all
12 this by your lawyers; you've been well counseled, well advised
13 by counsel with respect to the intricacies of this arrangement
14 and potential plea, is that accurate?

15 MR. HAWILLA: Yes.

16 THE COURT: Any other aspect of this that I should
17 focus on?

18 MR. NORRIS: One moment, Your Honor.

19 THE COURT: Sure.

20 (Pause.)

21 MR. NORRIS: No, Your Honor.

22 THE COURT: All right. The agreements have been
23 executed?

24 MR. NORRIS: Actually, Your Honor, one thing, if I
25 may?

1 THE COURT: Yes.

2 MR. NORRIS: If you could just note on the record
3 that in paragraph three there is an appellate waiver, so that
4 in the event the Court accepts the plea and imposes a sentence
5 consistent with it, the defendant agrees not to file an appeal
6 if the conviction or sentence involves a fine of 500,000 or
7 less and a term of probation of one year or less.

8 THE COURT: In plain English, sir, if I go along
9 with the deal, all right, you have agreed not to seek review
10 in a higher court. You have agreed not to file an appeal.

11 Does that sum it up?

12 MR. NORRIS: Yes, Your Honor.

13 MR. HAWILLA: Yes.

14 THE COURT: Do you understand that?

15 MR. HAWILLA: Yes.

16 THE COURT: And for the record, both waivers --
17 which have now been marked, Ellie?

18 THE COURTROOM DEPUTY: As Court Exhibit 2 and Court
19 Exhibit 3.

20 THE COURT: -- reflect identical terms, each
21 extended plea, Rule 11 plea, tendered by the Court.

22 On behalf of the corporations, Mr. Hawilla, are you
23 ready to plead?

24 MR. HAWILLA: Yes.

25 THE COURT: It is alleged that you engaged in this

1 illegal agreement or conspiracy or, let me rephrase that, that
2 the corporations each of them engaged in this illegal
3 agreement or conspiracy to commit wire fraud. Tell me what
4 happened.

5 MR. HAWILLA: My name is José Hawilla. I am the
6 indirect majority shareholder of Traffic Sports International,
7 TSI, and Traffic Sports USA, TUSA. I have been authorized by
8 resolution to make these statements on behalf of both TSI and
9 TUSA. TSI is incorporated in the British Virgin Islands and
10 TUSA is incorporated in Florida.

11 Beginning in or around the early 1990's, I formed
12 TSI and TUSA to expand my business buying rights to soccer
13 events and promoting those rights throughout the world by
14 legitimate means. TSI held the rights to the COPA America
15 starting with the edition held in 1999, and at times TSI
16 assigned a portion of the rights it held to TUSA to be
17 commercially exploited globally, including in the United
18 States.

19 Under its contract with the South American Football
20 Association, CONMEBOL, TSI was to hold the rights through, at
21 least, the 2015 edition. However, CONMEBOL, in violation of
22 its contract with TSI, sold the rights to the 2015, 2019 and
23 2023 editions to another marketing company. In 2011, TSI and
24 TUSA sued CONMEBOL and the marketing company to regain their
25 rights. In 2013, to resolve the litigation, TSI agreed to

1 jointly hold with the other marketing company and a third
2 company the rights to the 2015, 2019 and 2023 edition, as well
3 as a special centennial edition, which will be held in the
4 United States and organized by Football Confederation in the
5 Americas, CONMEBOL and CONCACAF, member entities of FIFA.

6 After TSI learned that members of the two other
7 companies had already made commitments to pay bribes in
8 connection with the COPA America, it knowingly, intentionally
9 and willfully agreed that it would contribute to these bribe
10 payments. TSI understood that other companies would make
11 undisclosed bribe payments to officials who held positions of
12 authority and trust within FIFA and CONMEBOL to secure
13 marketing rights related to the COPA America tournament.

14 TSI's account at a bank in United States and the
15 wire facilities of the United States were used to reimburse a
16 portion of the expense paid by the other sports marketing
17 organizations by transferring money to financial institutions
18 in another country. The transfers were made by banks in the
19 United States. In addition, TUSA and TSI knowingly and
20 willfully agreed with the other two companies to pay an
21 undisclosed bribe to a CONCACAF official in connection with a
22 contract that TSI and the other two marketing companies had
23 with CONCACAF for the marketing rights to the special
24 centennial edition. TSI and TUSA understood that this
25 official held a position of authority and trust within FIFA

1 and CONCACAF. This conduct was wrong. On behalf of TSI and
2 TUSA, I repent very much and I apologize for this conduct.

3 THE COURT: TSI is the international and TUSA is the
4 local?

5 MR. NORRIS: Yes, Your Honor.

6 THE COURT: In EDNY jurisdiction or venue, I should
7 say?

8 MR. NORRIS: With respect to venue, the wire
9 transfers that the defendant referred to -- the wire transfers
10 that Mr. Hawilla referred to went through New York, New York,
11 in the Southern District of New York. Count Two alleges venue
12 in the Southern District of New York and venue has been
13 waived.

14 THE COURT: Is that in the plea agreement?

15 MR. NORRIS: Yes, Your Honor.

16 THE COURT: I should have briefly touched on that,
17 Mr. Hawilla. Venue is part of our -- is an aspect of the
18 Court's authority and it implicates the rights of accused
19 individuals to have charges addressed and disposed of in the
20 district wherein those charges arose. In this instance, as
21 the charging language indicates, proper venue of this matter
22 is in the Southern District of New York, which is across
23 Manhattan and elsewhere.

24 According to your agreement, you had waived the
25 right to have these charges addressed in the Southern District

1 of New York. Do you understand that?

2 MR. HAWILLA: Yes.

3 THE COURT: Okay. Have you had a chance to review
4 that allocution?

5 MR. NORRIS: We have, Your Honor. It's acceptable
6 to the government.

7 THE COURT: All right, based on the information
8 given to me, I find that the defendant corporations, from the
9 authorized responses of Mr. Hawilla, have knowingly and
10 voluntarily -- are aware of their rights, I should say. The
11 consequences and possible consequences of the pleas, and that
12 there are factual bases for the pleas of guilty; I, therefore,
13 now accept the pleas of guilty to Count Two of Traffic Sports
14 USA, Inc. and Traffic Sports International, Inc.

15 Anything further?

16 MR. NORRIS: No, Your Honor.

17 THE COURT: Ellie, what do we do?

18 THE COURTROOM DEPUTY: We'll put this down for a
19 control date?

20 MR. NORRIS: That would be great.

21 THE COURTROOM DEPUTY: We'll put it down for
22 September 25th, at 10:00 a.m.

23 THE COURT: Gentlemen, Mr. Liman, anything else?

24 MR. LIMAN: Not on behalf of the corporations.

25 Thank you, Your Honor.

1 THE COURT: Any questions, Mr. Hawilla, before we
2 conclude the proceedings?

3 MR. HAWILLA: No.

4 THE COURT: Mr. Kaufman, anything?

5 MR. S. KAUFMAN: No, Your Honor.

6 THE COURT: Thank you, gentlemen. Thank you, all,
7 madam, and we'll see you next time.

8 MR. NORRIS: Thank you very much, Your Honor.

9 MR. S. KAUFMAN: Thank you, Your Honor.

10 THE COURT: Who are these two gentlemen back there?

11 MR. NORRIS: Special Agent John Penza of the FBI and
12 Special Agent J.J. Kacic of the IRS CID.

13 THE COURT: I assumed so.

14 MR. NORRIS: Thank you, Your Honor.

15 (Matter adjourned.)

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19 I certify that the foregoing is a correct transcript from the
20 record of proceedings in the above-entitled matter.

21

/s/ Stacy A. Mace

May 20, 2015

22 _____
STACY A. MACE

DATE

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